PRINCE EDWARD ISLAND

GRAIN ELEVATORS CORPORATION

Sixth
Annual Report

FOR THE CROP YEAR ENDED JULY 31ST

1983

KENSINGTON
PRINCE EDWARD ISLAND

The HONOURABLE PROWSE CHAPPELL

Minister of Agriculture

Province of Prince Edward Island

Dear Sir:

We, the Board of Directors and the Management of the Prince Edward Island Grain Elevators Corporation, have the honor of submitting herewith the Sixth Annual Report of the Prince Edward Island Grain Elevators Corporation.

This report includes a brief summary of the operations and the Auditor Generals' financial statement for the fiscal crop year ending July 31, 1983.

Respectfully submitted:

BOARD OF DIRECTORS

Prince Edward Island

Grain Elevators Corporation

SIXTH ANNUAL REPORT

OF

THE PRINCE EDWARD ISLAND GRAIN ELEVATORS

CORPORATION

For the Fiscal Year Ending July 31, 1983

BOARD DIRECTORS

Aike Wilting	President
John Callaghan	Vice-President
B. B. Jones	Secretary-Treasurer
Keith Bernard	Director
Blair Wood	Director
Gordon Williams	Director
Harold Cairns	Director
Dave Faulkner	Special Advisor

HEAD OFFICE STAFF

Wallace Murphy	Executive General Manager
Doris Campbell	Assistant General Manager
Debra Bryanton	Clerk/Typist

ELEVATOR OPERATIONS STAFF

No. 1 Elevator – Kensington, P.E.I.

Clive Drummond	Manager
Kenneth McCarville	Assistant Manager
David Mallett	Elevator Worker
Gary Montgomery	Elevator Worker
Andy Gauthier	Elevator Worker

No. 2 Elevator – Roseneath, P.E.I.

J. Ronald Somers	Manager
Bill McGuigan	Elevator Worker

No. 3 Elevator – Elmsdale, P.E.I.

Donald McCarthy	Manager
Edmond Gaudet	Elevator Worker

The Prince Edward Island Grain Elevators Corporation is a Crown Corporation of the Province of Prince Edward Island under the authority of the Minister of Agriculture.

The Prince Edward Island Grain Elevators Corporation was established under Bill No. 49, at the 4th Session, 43rd General Assembly; 26 Elizabeth 11, 1977.

OBJECTIVE OF THE CORPORATION

The Objective of the Corporation is to stimulate local feed grain production and to bring uniformity to the industry through marketing of local grain on Prince Edward Island and throughout the Atlantic Provinces.

The Prince Edward Island Grain Elevators Corporation provides a central marketing, drying, storage and distribution outlet to the grain producer, livestock feeder and the feed industry.

FINANCIAL PARTICIPATION

The Prince Edward Island Government provides funding to purchase grain and funds for the Corporations operating costs. These funds are returned to the Provincial Treasury from the sale of grain and services provided by the Corporation through drying charges, handling and elevator charges, storage and interest charges.

1982-1983 CROP YEAR CONDITIONS

The 1982-1983 crop year was ideal for growing grain resulting in a good crop.

MARKETING CONDITIONS

With the carry over from the 1981-1982 crop year and the good crop of this year the elevator system was filled to capacity. Purchasing of grain by local and mainland users was much slower than previous years.

This was a result of most farmers having sufficient grains for their own needs which forced prices of all grains to be kept low. Sales of local grain picked up during the second half and by year end there was only a carry over to supply until the new crop was harvested. Imports of Western grains and Ontario Corn was lower than in previous years because of the amount and price of grains grown locally.

NUMBER OF PRODUCERS AND USERS OF GRAIN

This report covers the crop year August 1, 1982, to July 31, 1983, which was the sixth year of operation of the Prince Edward Island Grain Elevators Corporation, the tenth year for the Kensington Grain Elevator, the sixth year for the Roseneath Grain Elevator and the fifth year for the Elmsdale Grain Elevator.

The following is a breakdown of buyers and sellers who are using the grain elevators system:

Kensington (No. 1): There were approximately 200 buyers of grain. There were approximately 250 cheques issued to Island grain producers for a total of $639,385.

Roseneath (No. 2): There were approximately 120 buyers of grain. There were approximately 115 cheques issued to Island grain producers for a total of $307,944.

Elmsdale (No. 3): There were approximately 125 buyers of grain. There were approximately 250 cheques issued to Island grain producers for a total of $450,916.

The average price paid to the Island grain producer was as follows: Barley – $104.97 m.t.; Oats – $85.37 m.t.; Wheat – $113.69 m.t.

The average price paid for Western grains was as follows:

Barley	–	$106.11 m.t.
Oats	–	$106.92 m.t.
Wheat	–	$126.88 m.t.
Corn	–	$121.34 m.t.
Soybean	–	$353.60 m.t.

VOLUME OF HANDLINGS AT EACH ELEVATOR

	Metric Tonnes	
Island Wheat purchased		
Kensington No. 1	278.779	
Roseneath No. 2	107.384	
Elmsdale No. 3	16.548	
Total		402.711
Western Wheat purchased		
Kensington No. 1	799.157	
Roseneath No. 2	54.450	
Elmsdale No. 3	—	
Total		853.607
Total Wheat purchased		1256.318
Island Oats purchased		
Kensington No. 1	1095.453	
Roseneath No. 2	1076.701	
Elmsdale No. 3	1277.866	
Total		3450.020
Western Oats purchased		
Kensington No. 1	206.945	
Roseneath No. 2	—	
Elmsdale No. 3	—	
Total		206.945
Total Oats purchased		3656.965

	Metric Tonnes	
Island Barley purchased		
Kensington No. 1	5120.817	
Roseneath No. 2	1865.661	
Elmsdale No. 3	3276.327	
Total		10262.805
Western Barley purchased		
Kensington No. 1	106.115	
Roseneath No. 2	—	
Elmsdale No. 3	—	
Total		106.115
Total Barley purchased		10368.920
Ontario Corn purchased		
Kensington No. 1	1396.938	
Roseneath No. 2	247.711	
Elmsdale No. 3	206.631	
Total Corn purchased		1851.280
Soybean meal purchased		
Kensington No. 1	1208.048	
Roseneath No. 2	—	
Elmsdale No. 3	—	
Total Soybean purchased		1208.048
Total grain purchased		18341.531

VOLUME OF SALES AT EACH ELEVATOR

	Metric Tonnes	
Island Wheat Sold		
Kensington No. 1	340.714	
Roseneath No. 2	134.995	
Elmsdale No. 3	12.252	
Total		487.961
Western Wheat Sold		
Kensington No. 1	791.267	
Roseneath No. 2	53.925	
Elmsdale No. 3	—	
Total		845.192
Total Wheat sold		1333.153
Island Oats sold		
Kensington No. 1	1451.654	
Roseneath No. 2	963.014	
Elmsdale No. 3	562.068	
Total		2976.736
Western Oats sold		
Kensington No. 1	189.254	
Roseneath No. 2	—	
Elmsdale No. 3	.720	
Total		189.974
Total Oats sold		3166.710

	Metric Tonnes	
Island Barley sold		
Kensington No. 1	5980.155	
Roseneath No. 2	2522.095	
Elmsdale No. 3	2277.384	
Total		10779.634
Western Barley sold		
Kensington No. 1	456.846	
Roseneath No. 2	—	
Elmsdale No. 3	—	
Total		456.846
Total Barley sold		11236.480
Ontario Corn sold		
Kensington No. 1	1210.375	
Roseneath No. 2	277.680	
Elmsdale No. 3	316.176	
Total Corn sold		1804.231
Soybean sold		
Kensington No. 1	873.167	
Roseneath No. 2	175.385	
Elmsdale No. 3	162.765	
Total Soybean sold		1211.317
Total Grain sold		18751.891

The reason that one elevator may have sold more than it purchased of each type of grain is the transfers between elevators are not recorded as a sale until actually sold to a user. Also there was a carry over from the previous year resulting in more being sold than purchased this year.

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Board of Directors

of Prince Edward Island Grain Elevators Corporation

I have examined the balance sheet of Prince Edward Island Grain Elevators Corporation as at July 31, 1983 and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at July 31, 1983 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

T. KAPTEIN, C.A.

Auditor General

Charlottetown, Prince Edward Island

November 23, 1983

STATEMENT 1

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION
BALANCE SHEET
JULY 31, 1983
(with comparative figures at July 31, 1982)

ASSETS

	1983	1982
Current Assets		
Cash	$ 106,332	$ 80,231
Accounts Receivable – Note 2	638,116	737,864
Prepaid Expenses	25,325	25,511
Inventory of Grain – Note 1(b)	380,868	478,091
	$1,150,641	$1,321,697
Fixed Assets – Note 3	21,294	25,220
Property Under Capital Lease – Note 4	491,079	526,366
	$1,663,014	$1,873,283

LIABILITIES AND EQUITY

Current Liabilities		
Accounts Payable – Trade	$ 30,580	$ 50,260
Current Portion of Obligation Under Capital Lease	30,179	28,005
Allowance for Contingent Loss – Note 5	49,732	45,000
Due to Province of Prince Edward Island	716,885	1,168,650
	$ 827,376	$1,291,915
Long Term Liabilities		
Advances – Province of Prince Edward Island –Note 6	343,903	343,903
Obligation Under Capital Lease – Note 7	491,735	521,914
	835,638	865,817
Equity		
Retained Earnings, Beginning of Year	(284,449)	(33,212)
Income (loss) for the year	284,449	(251,237)
	–	(284,449)
	$1,663,014	$1,873,283

(Notes 1 to 8 are an integral part of these financial statements)

STATEMENT 2

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION
STATEMENT OF INCOME
YEAR ENDED JULY 31, 1983

(with comparative figures at July 31, 1982)

	1983	1982
Sales	$2,779,013	$3,400,201
Cost of Sales		
Inventory, Beginning of Year	478,091	147,699
Purchases	2,215,698	3,243,640
Freight – Net of Assistance	105,729	178,452
	2,799,518	3,569,791
Inventory, End of Year	380,868	478,091
	2,418,650	3,091,700
Gross Profit on Sales	360,363	308,501
Other Income – Note 8	184,712	252,325
	545,075	560,826
Expenses		
Salaries and Benefits	$ 251,966	$ 234,948
Interest – Short Term	35,189	117,314
Power, Light and Water	86,543	86,553
Interest – Long Term	43,850	59,238
Capital Lease – Interest	46,169	48,156
Truck Expense	37,280	46,533
Repairs and Maintenance	25,705	42,433
Capital Lease – Amortization	35,287	35,287
Office	19,602	33,919
Loss on Guaranteed Debt	4,732	20,000
Insurance	13,238	13,667
Telephone and Telegraph	9,354	12,030
Honorariums	10,477	10,185
Advertising	3,298	9,018
Depreciation	9,257	8,718
Field Supplies and Equipment	6,896	8,646
Professional Services	4,748	7,335
Travel	7,616	6,428
Household and Clothing	3,024	5,105
Bad Debt Expense	42,877	3,814
Miscellaneous	16,540	2,736
	$ 713,648	$ 812,063
Loss On Operations	168,573	251,237
Provincial Appropriation – Note 1(d)	453,022	–
Income (loss) for the year	$ 284,449	$ (251,237)

(Notes 1 to 8 are an integral part of these financial statements)

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION

NOTES TO FINANCIAL STATEMENTS

JULY 31, 1983

1. Summary of significant accounting policies:

   a) Specific accounts which have been deemed doubtful have been included in the Allowance for Doubtful Accounts. In addition, 1% of the remaining accounts is included in the allowance.

   b) Inventory is valued at the lower of first-in first-out cost and market value.

   c) Depreciation on fixed assets is charged at rates of 10%, 20%, or 33 1/3% on a straight line basis depending on the estimated useful life of the asset.

   d) For the year ended July 31, 1983, the Province has appropriated $453,022 to cover the cumulative losses to July 31, 1983.

2.

	1983	1982
Accounts Receivable – Trade	$537,678	$551,168
Less: Allowance for Doubtful Accounts	56,998	24,280
	$480,680	$526,888
Accounts Receivable – Special Bin ...	154,753	179,074
– Freight Assistance	1,366	12,497
– Other	1,317	19,405
	$638,116	$737,864

3.

Fixed Assets	1983	1982
Fixed Assets (cost)	$ 47,300	$ 42,448
Less: Accumulated Depreciation ...	26,006	17,228
	$ 21,294	$ 25,220

4. Property Under Capital Lease

	1983	1982
Property (cost)	$610,698	$610,698
Less: Accumulated Amortization	119,619	84,332
	$491,079	$526,366

The Property Under Capital Lease is amortized on a straight-line basis over the term of the lease.

5. Contingent Liability

In 1978 an account receivable of $89,000 was assigned to the Prince Edward Island Lending Authority. The Corporation has guaranteed repayments to the Authority. At July 31, 1983 the amount outstanding was $100,402. The mortgage was in default at that time. At July 31, 1983 there is a likely loss of $49,732 on this account which has been charged against income.

6. Advances issued to the Corporation by the Province of Prince Edward Island are for working capital purposes. Interest is charged to the Corporation at the long-term rate charged on advances to crown agencies.

7.

	1983	1982
Obligation Under Capital Lease	$ 521,914	$ 549,919
Less: Current Portion	30,179	28,005
Long Term	$ 491,735	$ 521,914

The following is a schedule of future minimum lease payments under the Capital Lease expiring July 2, 1997 together with the balance of the Obligation Under Capital Lease.

Year ending July 31		1983
1984		$ 74,174
1985		74,174
1986		74,174
1987		74,174
1988		74,174
Subsequent years		496,272
Total minimum lease payments		$867,142
Less: Amounts representing interest at – 10%	267,630	
– 6.5%	77,598	345,228
Balance of the Obligation		$521,914

8. Other Income

	1983	1982
Handling and Drying	$106,854	$100,720
Storage Fees	22,359	34,542
Service Charges	42,461	65,518
Hedging	–	22,548
Miscellaneous	13,038	28,997
	$184,712	$252,325

POOR

QUALITY

ORIGINAL